



Economic Impact Analysis Virginia Department of Planning and Budget

24 VAC 20-81 – Hauling Permit Regulation
Department of Motor Vehicles
April 28, 2008

Summary of the Proposed Amendments to Regulation

The proposed regulations will 1) establish the regulatory authority of the Department of Motor Vehicles in issuing hauling permits by proposing much of the same hauling permit regulations that currently exists under the authority of the Virginia Department of Transportation, 2) establish Escort Driver Certification fees, 3) increase hauling permit fees, 4) no longer require that a hauling permit be assumed invalid if a permit condition is violated, 5) allow reciprocity of escort services by other jurisdictions, and 6) require Virginia Department of Transportation to conduct an engineering analysis for Superload Blanket Permits.

Result of Analysis

There is insufficient data to accurately compare the magnitude of the benefits versus the costs.

Estimated Economic Impact

The movement of oversize or overweight loads on the highways of the Commonwealth is subject to these regulations. Prior to 2003, Hauling Permit Regulation (24 VAC 30-111) was administered by the Virginia Department of Transportation (VDOT). The 2003 session of the Virginia General Assembly has transferred the hauling permit authority and the administrative resources from VDOT to Department of Motor Vehicles (DMV). Since then DMV has been issuing permits according to the standards and procedures established in the VDOT regulations.

With this action, DMV proposes to establish the Hauling Permit Regulation in its own administrative code. The majority of the proposed requirements are the same as the requirements contained in 24 VAC 30-111, but are revised to reflect the transfer of the permit section from

VDOT to DMV and to improve the clarity of some of the requirements.¹ Because most of the requirements are the same, there will be no significant change in practice. Thus, no significant economic effect is expected from the proposed requirements that are the same as those contained in the VDOT regulations.

The proposed regulations also introduce new requirements that are not contained in VDOT regulations. One of the significant changes is the establishment of Escort Driver Certification fees. Currently, escort driver certifications are offered by the Virginia Commonwealth University (VCU) in exchange for approximately \$30,000 from DMV per year. According to DMV, VCU no longer wishes to offer these certifications. In order to meet the need, DMV plans to start its own certification program. It is estimated that approximately 3,000 certificates per year will be issued generating approximately \$75,000 in certification fees.

Also, the proposed changes will increase the hauling permit fees. Approximately 35,000 to 40,000 hauling permits are issued every year. Based on the analysis of 2005 revenues, the proposed fee increases are estimated to generate an additional \$1 million annually, an increase from \$2.3 million to \$3.3 million. DMV plans to use the additional revenues to purchase new scales, information technology system upgrades, personnel, and maintenance of new scales, systems and equipment. Maintaining operational stock of scales and improved information technology system are expected to provide DMV with necessary tools in order to minimize potential harm or damage to highways through enforcement of these regulations.

Another proposed change will no longer require that the permit be completely invalid if permit conditions are violated. Currently, if a law enforcement officer finds a violation of a permit condition, the fine is issued based on the assumption that there was no hauling permit issued at all. This situation is reported to result in excessive (tens of thousands of dollars) fines issued to operators most of which are later reduced significantly by judges in courts. With this change, law enforcement officers will have the ability to issue the fines that are proportionate with the seriousness of violation instead of issuing exorbitant fines as if no hauling permit existed. This change is expected to reduce administrative and legal costs associated with disputes over excessive fines.

¹ DMV plans to coordinate the repeal of VDOT regulations when these regulations are in effect.

Also, the proposed regulations will allow reciprocity of escort services by other states. Currently, as the loads enter or exit the Commonwealth they may have to change their escort services in order to meet differing requirements among different states. With the proposed changes, an escort service in the Commonwealth may be recognized by other states and escort services in other states may be recognized by the Commonwealth. This proposed change is expected to reduce compliance costs by providing additional flexibility to hauling operators.

Finally, the proposed regulations will require VDOT to conduct an engineering analysis for Superload Blanket Permits (for loads over 150,000 pounds gross weight). Since 2003, when DMV started administering the hauling permit regulations, no engineering analysis has been conducted on these loads. The proposed engineering analysis will help ensure that the structures on highways are not harmed or damaged.

Businesses and Entities Affected

The proposed regulations primarily affect hauling permit holders and escort service providers. According to DMV, approximately 35,000 to 40,000 permits and approximately 3,000 escort certifications are issued every year. In addition, the proposed regulations may have some effect on VDOT, VCU, and law enforcement officers.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

The proposed regulations may increase demand for labor as a result of planned escort driver certification program at DMV and install and maintenance of new scales and new information technology system. On the other hand, increased compliance costs due to new escort driver certification and higher permit fees may reduce the demand for hauling services. The net impact on labor demand is not known.

Effects on the Use and Value of Private Property

No significant effect on real property is expected. However, increased compliance costs due to new escort driver certification and higher permit fees may reduce the revenues of hauling services and their asset values. On the other hand to the extent hauling operators avoid excessive fines due to the proposed changes, their asset values may be enhanced.

Small Businesses: Costs and Other Effects

Most of the hauling operators and escort service businesses are believed to be small businesses. As discussed, the proposed regulations are likely to increase compliance costs primarily due to new escort driver certification and higher permit fees.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The main reason for the proposed new escort driver certification fees and increased hauling permit fees is to generate revenues to support the administration and enforcement of the proposed regulations. An alternative method that minimizes the adverse impact on the affected small business would be finding a different source of funding.

Real Estate Development Costs

No significant effect on real estate development costs is expected.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the

regulation. The analysis presented above represents DPB's best estimate of these economic impacts.